

## Message Text

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ACTION PM-03

INFO OCT-01 ARA-06 ISO-00 CIAE-00 H-02 INR-07 L-03 NSAE-00

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FM AMEMBASSY GUATEMALA

CO RUEHC/SECSTATE WASHDC 7337

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INFO JCS-J5

CINCSO

AMCONSUL BELIZE

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3.O. 11652: N/A

TAGS: MASS, GT

SUBJECT: GUATEMALA PURCHASE OF C-47S

REF: GUATEMALA 2906

1. AWARE OF CONTINUING EFFORT TO EXPLAIN MOTIVES FOR EXPANDED AIR TRANSPORT FLEET, NEW MOD LUCAS INVITED AMBASSADOR ON HELICOPTER SURVEY OF OIL COMPANY AND CONSTRUCTION BATTALION OPERATION IN ALTA VERAPAZ ON JULY 8. DIRECTOR AID AND COMUSMILGP ACCOMPANIED AMBASSADOR AND COMMANDER GAF WAS ALSO WITH PARTY. FOLLOWING INFORMATION WAS PROVIDED DURING TOUR AND AT SUBSEQUENT MEETING BETWEEN COMMANDER GAF AND MILGP OFFICERS.

2. PRIMARY SHORT-TERM GOG AIM IS TO TAKE FURTHER ADVANTAGE OF FREIGHT HAUL POTENTIAL FOR PETROLEUM COMPANIES. WITH EXISTING FLEET, GAF HAS EARNED OVER \$100,000 FROM C-47 AND HELICOPTER CONTRACT SERVICES, OF WHICH \$40,000 ATTRIBUTABLE TO BAY OF AMATIQUE OPERATIONS. FAF CHARGES SHENANDOAH \$500 PER C-47 ROUND TRIP FROM CAPITOL TO  
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DRILLING SITE AT RUBESANTO. HELICOPTER FLIGHTS ARE

COSTED AT \$600 PER FLYING HOUR. GAF ESTIMATES THAT COMPANY WILL REQUIRE TWO C-47 FLIGHTS PER DAY FOR INDEFINITE PERIOD. (TWO C-47'S WERE ON RUBEL SANTO AIRSTRIP AT TIME OF AMBASSADOR'S VISIT.) EXMIBAL NICKEL OVURATION AROUND LAKE IZABAL IS VIEWED AS EXPANSION AREA FOR SIMILAR AIR FREIGHT SERVICES, AS IS FUTURE OIL EXPLORATION BY OTHER COMPANIES. (TEXACO WAS SPECIFICALLY MENTIONED.)

3. ACCORDING TO GAF COMMANDER "SPECIAL PRESIDENTIAL DECREE" PERMITS USE OF REVENUES TO AUGMENT GAF BUDGET. EARNINGS TO DATE HAVE BEEN USED TO RENOVATE AND AUGMENT FACILITIES AT AUROM BASE, TO PAY FOR DC6 ENGINE OVERHAULS AND OTHER DEFERRED MAINTENANCE, AND TO AUGMENT THE SALARIES OF AIR CREWS FLYING THE CONTRACT SERVICES. OF THE \$40,000 MENTIONED ABOVE, FOR EXAMPLE, \$8,000 WENT FOR SALARY SUPPLEMENTS. MILITARY HIGH COMMAND HAS GREAT HOPES THAT THIS ADDITIONAL COMPENSATION AND INCREASED FLYING TIME WILL STAUNCH THE DRAIN OF YOUNG PILOTS TO PRIVATE INDUSTRY, AND INDEED WILL INDUCE SOME OF THOSE WHO HAVE LEFT TO RETURN TO MILITARY FLYING. GAF PILOTS MAKE ABOUT \$500 PER MONTH, WHEREAS MORE FORTUNATE OF THOSE WHO HAVE RESIGNED ARE MAKING \$1500-3000 WITH PRIVATE COMPANIES.

4. LONGER TERM RATIONALE FOR EXPANDED FLEET CENTERS ON MILITARY PARTICIPATION IN NATIONAL DEVELOPMENT, WITH COLOMBIA AS EXAMPLE FREQUENTLY MENTIONED. (COLOMBIA HAS LONG HAD MILITARY-OPERATED DOMESTIC AIR FREIGHT SERVICE.) ALTHOUGH CLEARLY NOT FULLY THOUGHT OUT NOR COORDINATED WITHIN THE GOVERNMENT, RATIONALE IS PART AND PARCEL OF BROADER TRANSPORTATION PLAN FOR PERIPHERAL AREA OF PETEN AND THE "ZONA REINA" HUEHUETENANGO AND QUICHE) THAT ANTICIPATES IMPRESSIVE ROAD BUILDING EFFORTS TO OPEN AREA FOR DEVELOPMENT. (FEASIBILITY STUDIES FOR THESE ROADS ARE BEING FINANCED UNDER AID LOAN 016.) INDEED, GAF CONTRIBUTION TO "NATIONAL DEVELOPMENT" COMPARABLE TO ROAD BUILDING PROJECTS OF ARMY ENGINEERS IS FREQUENTLY MENTIONED ANALOGY. ARAVA AND C-47 AIRCRAFT WOULD BE USED TO ACCELERATE THE PROCESS IN AREAS THAT LIMITED OFFICIAL USE

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ROADS WILL NOT REACH FOR SOME YEARS. GAF CALCULATES THAT EVEN RICE CAN BE ECONOMICALLY TRANSPORTED BY AIR FROM REGION GIVEN HIGH PRICES AND GOVERNMENT POLICY ON BASIC GRAINS. SOME LITEWEIGHT, HIGH VALUE HERBS AND SPICES ARE ALREADY BEING FLOWN OUT OF CLEARED TRACTS IN PETEN BY PRIVATE PILOTS IN SMALL PLANES. THE ARAVA, WITH ITS STOL CHARACTERISTICS, IS INTENDED FOR USE ON SIMILAR HACK AND BURN LANDING STRIPS TO STIMULATE

COMMERCE AND DEVELOPMENT. IN GAF VIEW, ARAVA CAN BE USED FOR MANY PURPOSES THAT NOW REQUIRE A HELICOPTER FOR ABOUT ONE THIRD THE OPERATING COST.

5. GUATEMALAN OFFICERS STRESS THAT THERE IS NO QUESTION OF COMPETITION WITH PRIVATE ENTERPRISE. ONLY TWO PRIVATELY OWNED C-47'S ARE AVAILABLE AND THEY HAVE AN UNEVEN RECORD BECAUSE OF MAINTENANCE PROBLEMS. THEY DO EMPHASIZE INTENTIONS TO KEEP FOREIGN "FLY BY NIGHT" OPERATIONS OUT OF WHAT THEY VIEW AS A PROFITABLE ENTERPRISE, AND ONE THAT CAN CONTRIBUTE IMPORTANTLY TO NATIONAL DEVELOPMENT.

6. WE CONTINUE TO BELIEVE THAT PROVISION OF FIVE C-47'S, AS RECOMMENDED IN REFERENCE, WOULD BE CONSISTENT WITH US POLITICAL AND DEVELOPMENT INTERESTS IN THE REGION, AND THAT SUCH A SOLUTION WOULD PROBABLY SATISFY GUATEMALAN DESIRES FOR IMMEDIATE FUTURE.

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